

Message Text

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DRAFTED BY EB/TT/MA:JPSTEINMETZ:EW

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA

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E.O. 11652: N/A

TAGS:EWWT, RP

SUBJECT: PNOC TANKER SCHEME

REF: A) MANILA 3109; B) MANILA 2320

1. INQUIRY REF B RE POSSIBLE OPTIONS IN EVENT GOP MOVES TO FORCE COMPLIANCE WITH PNOC SCHEME RAISES MORE QUESTIONS THAN THERE ARE ANSWERS. UNTIL WE KNOW WHAT ACTIONS GOP MAY TAKE, WE ARE UNABLE TO ELABORATE ON WHAT OUR REACTION MIGHT BE.

2. EMBASSY IS CORRECT THAT THIS MARITIME MATTER IS DIFFERENT FROM PREVIOUS SHIPPING PROBLEM WITH GOP WHEREIN U.S. AND OTHER NON-RP FLAG LINER SERVICES IN OUR FOREIGN LIMITED OFFICIAL USE

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COMMERCE WERE ADVERSELY AFFECTED AND THE FEDERAL MARITIME

COMMISSION HAD STATUTORY AUTHORITY TO IMPOSE COUNTERVAILING MEASURES AGAINST RP SHIPPING. FMC STATUTORY AUTHORITY, HOWEVER, DOES NOT EXTEND TO TANKER, DRY BULK OR TRAMP OPERATIONS NOR TO THIRD COUNTRY TRADES.

3. CALTEX/MOBILE PROBLEM DIFFERS FURTHER IN THAT WHILE OPERATION IS U.S.-OWNED, NEITHER U.S. FOREIGN COMMERCE, PER SE, NOR U.S. FLAG TANKERS (SERVICE INDUSTRY) ARE INVOLVED. LIKELIHOOD, THEREFORE, OF COMPANIES SEEKING

RELIEF PURSUANT TO SECTION 301, 1974 TRADE ACT, WOULD APPEAR REMOTE. DEPARTMENT QUERY TO STR FOR CLARIFICATION ON THIS POINT RESULTED IN PRELIMINARY VIEW THAT THE TYPE OF SITUATION ENVISAGED WOULD NOT BE SUBJECT TO SECTION 301 ACTION. SECTION 301 OF THE LAW AND THE COMMITTEE REPORT THEREON SPEAK OF UNJUSTIFIABLE OR UNREASONABLE MEASURES OF FOREIGN GOVERNMENTS, WHICH, INTER ALIA, BURDEN OR RESTRICT U.S. COMMERCE, INCLUDING U.S. SERVICE INDUSTRIES. INITIAL VIEW OF STR IS BY NO MEANS DEFINITIVE, AND LEGAL REPRESENTATIVES OF BOTH COMPANIES MAY WISH TO PURSUE MATTER FURTHER WITH STR.

4. IN LIGHT OF THE ABOVE, PENDING CLEARER INDICATION OF ACTUAL GOP MOVES, ONLY VIABLE OPTION FOR THE TIME BEING APPEARS TO BE CONTINUED RESISTANCE BY THE TWO COMPANIES TO PNOC OVERTURES. EMBASSY REQUESTED TO REPORT ANY NEW DEVELOPMENTS THEREON.

5. DEPARTMENT WOULD ALSO BE INTERESTED IN KNOWING SIZE OF FLEET (VESSELS OWNED AND/OR CHARTERED) OF NEWLY-ESTABLISHED PNOC TANKER CORPORATION OF MEKATI, RIZAL. INFORMATION AVAILABLE HERE INDICATES TWO 40-50,000 GRT. TANKERS (DIEGO SILANG AND SULTAN KUDARAT) WERE ACQUIRED BY COMPANY WITHIN THE LAST YEAR. IS THERE REASON TO BELIEVE COMPANY MAY BE OVER-EXTENDED, AND IT AND GOP ARE HARD PUT IN MEETING PAYMENTS FOR, INTER ALIA, THESE NEW ACQUISITIONS? KISSINGER

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